

1. CALL TO ORDER

Chair Schmitz called the meeting of the Board of Directors to order at 9:00 a.m. as a teleconference meeting. Individuals who participated are listed below:

RWA Board Members

Evan Jacobs, California American Water District
Ron Greenwood, Carmichael Water District
Cathy Lee, Carmichael Water District
Ray Riehle, Citrus Heights Water District
Hilary Straus, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Ray Leftwich, City of Lincoln
Bruce Houdesheldt, City of Roseville
Sean Bigley, City of Roseville
Jeff Harris, City of Sacramento
Michelle Carrey, City of Sacramento
Grace Espindola, City of Yuba City
Diana Langley, City of Yuba City
Martha Guerrero, City of West Sacramento
Michael Raffety, El Dorado Irrigation District
Randy Marx, Fair Oaks Water District
Robert Dugan, Placer County Water Agency
Brent Smith, Placer County Water Agency
Mark Martin, Rancho Murieta Community Services District
Tim Shaw, Rio Linda/Elverta Community Water District
Kerry Schmitz, Sacramento County Water Agency
Kevin Thomas, Sacramento Suburban Water District
Dan York, Sacramento Suburban Water District
Marty Hanneman, San Juan Water District
Paul Helliker, San Juan Water District

RWA Associate Members

Ansel Lundberg, SMUD, José Ramirez, SRCSD and Brett Storey, Placer County

RWA Affiliate Members

Charles Duncan and Kelye McKinney, West Yost Associates, Vanessa Nishikawa, Stantec, Alan Driscoll, Forsgren Associates, Inc., Paul Selsky, Brown and Caldwell, Michael Johnson, Jacobs, John Woodling, GEI Consultants

Staff Members

Jim Peifer, Rob Swartz, Ryan Ojakian, Josette Reina-Luken, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, Legal Counsel

Others in Attendance:

Pam Tobin, Bob Reisig, Greg Zlotnick, Kevin Thomas, Andrew Fecko, Peggy Vande Voore

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

- a. Minutes from the March 19, 2020 9 Regular Board meeting
Action: Approve the March 19, 2020 Regular Board meeting minutes
- b. Amend RWA Conflict of Interest Code (RWA Policy 200.4)
Action: Amend Conflict of Interest Code (RWA Policy 200.4)
- c. FY 2019-2020 Audit
Action: Approve the FY 2019-2020 Audit

Motion/Second/Carried (M/S/C) Mr. Greenwood moved, with a second by Mr. York, to approve the consent calendar items. Evan Jacobs, California American Water, Ron Greenwood, Carmichael Water District, Ray Reihle, Citrus Heights Water District, Marcus Yasutake, City of Folsom, Ray Leftwich, City of Lincoln, Bruce Houdesheldt, City of Roseville, Jeff Harris, City of Sacramento, Mike Raffety, El Dorado Irrigation District, Randy Marx, Fair Oaks Water District, Brent Smith, Placer County Water Agency, Mark Martin, Rancho Murieta CSD, Tim Shaw, Rio Linda/Elverta CSD, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. Diana Langley, City of Yuba, abstained for Consent Calendar item 3a. and voted yes for 3b and 3c. The motion carried.

4. FISCAL YEAR 2020 – 2021 BUDGET

James Peifer said that that he has been Executive Director for almost a year and while a lot has been accomplished by the RWA in the last year, there is more to do to improve the region's water supply reliability with regard to future droughts, increased water demand throughout the state, and challenging regulations. The strategic plan was stalled due to the COVID-19 crisis but is now moving forward. He went over the benefits of RWA membership that include RWA providing a forum for regional collaboration on all things water, a regional voice with presence on statewide issues and a presence on initiatives that are being considered by the State Water resources Control Board on water loss. The RWA provides legislative and regulatory representation, facilitates regional planning and provides regional implementation on programs and projects with successful modeling for grant funding. Increased revenues were received from other sources and investments were higher along with other programs that help offset costs. A 3% increase is

proposed for associate members and no increase for affiliate members. To engage the services of Christine Kohn for support to improve communications within the region, we added more to the budget to cover those costs and legal fees were increased slightly. The Water Efficiency Program continues to be paid for with 40% from member dues and 60% from subscription program dues. The SGA will now contribute 10% of the cost for the Legislative and Regulatory Affairs Manager. The City of Folsom has become a large agency. The Executive Committee has recommended they continue as a medium sized category for purposes of this budget giving them time to budget as a large agency next year. The RWA budget is a compilation of two budgets, a core program and the subscription program or programming budget.

Ms. Reina-Luken, Financial and Administrative Services Manager reviewed the revenues, expenses, cash balance and the designations that are required by the budget policies set by the board. Last year, a dues increase of 18% was proposed. This budget proposes a dues increase of 5%. The dues reduction is the result of staff and administrative savings and the FY19 audit showing a better cash position than what RWA was originally expecting. RWA was able to apply these savings to this budget year to offset any projected deficit. There were subscription program revenues resulting in increased revenues to RWA. We have a structural budget deficit because expenses are outpacing revenues, however we have excess cash on hand so we are able to offset the expense amount, and keep the dues low. The SGA 50% cost share for common office, staff and administrative costs comes in on the revenue side to RWA. RWA currently has 7.5 employees, a half of an employee higher than last year because SGA employed an annuitant to assist with the Groundwater Sustainability Plan. The operating budget is offered for approval. The Water Efficiency Program has their own budget committee and will be reviewing and making a recommendation to approve. We do have miscellaneous revenues that include rebates, discount checks, holiday social money and interest income. Budgeted expenses include staff expenses, office expenses, professional fees and core projects. Office expenses will include some contingency funds for computer support, professional fees are for legal support and public relations includes communications and the strategic planning. Shared expenses include human resources, financial audits and general consulting. Furniture purchases, an office move and computer replacements and computer server replacement are one-time expenses that are shared by RWA and SGA.

The unfunded pension plan funding follows Policy 500.15 and is based on a premise that the unpaid unfunded pension plan liability would be paid off in four years. We are proposing a 5% increase going to no more than 7% in the next three years. We increased it in order to meet the operating fund designation coverage to have 4 to 6 months of operating expenses.

Ms. Schmitz noted that initially we started at 18%, the first draft of the budget was at 7% and then reduced to 5%. Any further reductions in revenues would require a reduction in the expense categories.

Mr. Peifer noted that there are challenges with the COVID-19 crisis and future recovery. Tools are needed to continue our engagement with state and federal governments for relief and funding for our member agencies including communication.

Mr. Yasutake thanked the Executive Committee and Board for their consideration to allow the City of Folsom to remain as a medium agency in the upcoming budget year to give them time to budget for future years.

M/S/C Mr. Hanneman moved, with a second by Mr. Houdesheldt, to approve the Fiscal Year 2020-2021 budget. Evan Jacobs, California American Water, Ron Greenwood, Carmichael Water District, Ray Riehle, Citrus Heights Water District, Marcus Yasutake, City of Folsom, Bruce Houdesheldt, City of Roseville, Jeff Harris, City of Sacramento, Martha Guerrero, City of West Sacramento, Diana Langley, City of Yuba Mike Raffety, El Dorado Irrigation District, Randy Marx, Fair Oaks Water District, Brent Smith, Placer County Water Agency, Mark Martin, Rancho Murieta CSD, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. Ray Leftwich, City of Lincoln, voted no and Tim Shaw, Rio Linda/Elverta CSD, abstained. The motion carried.

5. RWA FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

Mr. Bigley gave an update on the progress and efforts of the RWA Federal Affairs Ad Hoc Committee. The committee is looking at potential federal opportunities for action on a federal infrastructure funding package for economic recovery as well as job creation. The committee has taken an effort to start to develop and prepare for upcoming discussion in the federal realm. The state activity is uncertain with the State of California facing a significant budget deficit. The committee has been working with RWA member agencies to develop a regional infrastructure spreadsheet. Most projects consist of objects from 16 member agencies and equates to approximately one point two billion dollars for planned structure expenditures. Those projects are now identified within the region and span across a variety of different types of projects from traditional potable water, to recycled water projects and similar categories. The committee developed a draft white paper that provides context with respect to infrastructure and why it is needed. The document is well developed and cites information with respect to the infrastructure need from a nationwide and regional standpoint and outlines the economic situation and the regional needs. There is a compelling argument for federal investment in the Sacramento region for economic activity. The white paper can ultimately be used as an advocacy tool by the committee in regional advocacy issues in Washington, D.C. The next steps include developing a company communication strategy to develop a plan to help to benefit the Sacramento region and provide benefits from a national perspective. The committee is wrapping up a regional list to provide to members of the legislature and congressional delegation.

6. FEDERAL AFFAIRS AND RWA COMMITTEE

Mr. Peifer said that the RWA Federal Affairs Ad Hoc committee prepared a memo and submitted it to the RWA board with a number of recommendations. One of those recommendations was that the RWA should form a volunteer standing committee with a dedicated forum for the co-ordination, collaboration, education and engaging on federal policy areas of regional interest. Mr. Peifer noted that the RWA has current policies that govern how a committee can be formed. There is interest by a number of agencies to continue to work on the federal affairs matters with the RWA and the Executive Director suggested that a committee could be open to any members who want to participate. The Federal Affairs ad hoc committee should only exist for a certain period of time with a defined scope of work, and moving forward, the RWA should consider forming a standing committee operating within the requirements of the Brown Act. Under the formation of such a committee, the RWA board chair would ensure that no more than nine RWA board members and no more than four Executive Committee members are appointed to the potential standing committee.

There was discussion about how our federal advocacy is an important resource for our region.

Mr. Bezerra clarified that having a majority of RWA board members on a standing committee is not a Brown Act violation, it just requires you to notice the committee meetings as board meetings like we notice our standard board meetings. If board members want to participate and they are not a member of the standing committee they can only participate in the meeting as an observer. The policy allows for the Chair to appoint a standing committee and to appoint members to the committee.

Mr. Harris and Mr. Dugan spoke in support of a Federal Affairs Standing Committee.

Mr. Yastuake commented that if the federal lobbyists for City of Folsom and San Juan Water District are invited to participate, he suggested that only one of the agencies represent their lobbyists on the committee.

M/S/C Mr. Harris moved, with a second by Mr. Houdesheldt, to accept a standing committee leaving it to the Executive Director's discretion to appoint members that would comprise the committee. Evan Jacobs, California American Water, Ron Greenwood, Carmichael Water District, Roy Riehle, Citrus Heights Water District, Marcus Yasutake, City of Folsom, Ray Leftwich, City of Lincoln, Bruce Houdesheldt, City of Roseville, Jeff Harris, City of Sacramento, Martha Guerrero, City of West Sacramento, Diana Langley, City of Yuba City, Mike Raffety, El Dorado Irrigation District, Brent Smith, Placer County Water Agency, Mark Martin, Rancho Murieta CSD, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. Tim Shaw, Rio Linda/Elverta CSD, voted no. The motion carried.

7. LEGISLATIVE AND REGULATORY UPDATE

Mr. Ojakian said that this year is anything but a regular legislative session with the lockdown and recess. Normally April would be the busiest time of year for legislative activity in terms of bill volume and the time when policy bills are heard in the first policy committees. The state is facing a significant budget deficit that impacts legislation. Bills regarding water quality and water efficiency have a cost associated so they are not likely to be successful. Policy is not moving forward without funding with the funding question to be resolved in two phases. Phase one is when the governor presents his revisions and the legislature passes the budget by June 15th. The legislature can revise any budget that is passed and the expectation is that there will be significant revisions in August. An economic stimulus proposal is possible but not defined that would include infrastructure projects among other issues that would be relevant for RWA members.

On the regulatory side the Water Board approved the policy for expenditure of the Safe Drinking Water Fund operating as if the safe drinking water fund is not impacted. The Safe Drinking Water was funded with a program that drew down funds from the state Greenhouse Gas Reduction Fund. If the governor uses greenhouse gas reduction fund for more expansive purposes than simply climate change related issues that could mean some of the drinking water funds could be skimmed. On the surface Safer Drinking Water funds appear to be insulated from the general fund.

The regulatory world has been relatively undisrupted. There was reorganization to determine how to continue to proceed in a virtual fashion and the regulatory world has proceeded relatively undeterred. The Water Board has taken an action and adopted a policy on Safe Drinking Water funds and will be adopting an expenditure plan soon. They have a draft white paper on the economic feasibility for an MCL on Chrome 6 and have developed best practice guidelines for how water systems should be handled to deliver water during the current crisis.

8. WATERLOSS REGULATION UPDATE

Mr. Peifer said the water loss memo included in the board packet was requested by member agencies for the purpose of including it in their own board packages to communicate about the water loss regulation. The water loss regulatory process has been ongoing, starting with the passage of Senate Bill 555, which aims to quantify and set volumetric standards for water loss. The State Water Resources Control Board (State Water Board) has been engaged in the process of drafting a set of regulations that will impact RWA members to varying degrees regarding water loss reduction in their distribution systems. This regulation could result in very expensive water loss interventions therefore, it is important to engage in the development of the regulation to make sure it is appropriate. The water loss regulation involves more than water efficiency and crosses over into asset management. This is why it is important to have the right people involved from member agencies to work with staff on commenting on this water loss regulation.

Ms. Talbot gave a brief summary of the current draft water loss regulation and next steps for involvement. There are two components to Senate Bill 555, one is a validated water loss audit and the second is the development of a water loss performance standards for efficient water loss in the form of gallons per connection per day of water loss. The water loss regulation will fit into the larger Conservation Regulation (Senate Bill 606 and Assembly Bill 1668), which also includes residential indoor use, residential outdoor use, and commercial, institutional, and industrial landscape water use. For the Conservation Regulation, agencies will have to calculate their agency's specific water budget, which will include their water loss performance standards in 2024. The first draft of the water loss regulation was released in September 2019 and the State Water Board released its most current draft in April 2020. The draft regulation materials were sent to RWA water efficiency staff for review. The comment period closes at noon on May 26th. The main focus is on reviewing the economic model, which dictates an agency's water loss performance standard. The State Water Board will have a chance to make revisions based on the stakeholder comments before the formal rulemaking process, which is expected to begin in June. A series of questionnaires, covering apparent loss/meter testing, pressure management, and asset management/pipe replacement were also released as part of the water loss regulation. The questionnaires are considered mandatory to complete as part of compliance with the water loss regulation, which is inappropriate. There is concern about the technical and economic feasibility of the water loss standards produced by the proposed economic model. Another concern is the economic functionality of the model itself. The leak related input components in the model invoked more substantial change the resulting agency water loss standard than the economic input factors. The economic inputs need to be equally as active. Additionally, staff is going to request that the State Water Resources Control Board solicit an independent 3rd party review of the model.

Ms. Talbot requested that each RWA agency review the water loss regulation documents and the economic model and submit their own comment letters to the State Water Board. RWA will be submitting its own letter. Additionally, staff is working with several statewide organizations to develop an association coalition comment letter and an agency letter template.

9. EXECUTIVE DIRECTOR'S REPORT

The grant recommendation from the Department of Water Resources is seven point five million dollars for our region. Mr. Swartz commented that it is now eight point seven million.

Mr. Peifer is hoping RWA members who are within the American River engage for discussions with the water caucus and the public caucus in our ongoing negotiations. This is another item which could affect member agencies financially. The Water Forum will need to be funded in the future and we will have to find our way forward in that process.

There will be two strategic plan virtual workshops on June 19th, 2020 and June 26, 2020. The meetings were broken up to make it easier to go over objectives with virtual meetings.

We were able to approve the Memorandum of Understanding between SCGA and the other GSAs this week.

10. DIRECTORS' COMMENTS

Mr. Greenwood thanked Ms. Reina-Luken for her presentation on the budget. He welcomed the new general manager for Carmichael Water District, Cathy Lee. She will be their representative for the federal affairs committee.

Mr. Yasutake thanked the Executive Committee and the RWA board for keeping City of Folsom as a medium agency for this budget year giving them an opportunity to get budget information together for next fiscal year as they become a large agency.

Mr. Houdesheldt said that at the City of Roseville's last meeting they continued to work on resiliency and exploring some partnerships. We are all facing challenging times with the pandemic and we are also facing dry conditions in some areas.

Ms. Roccucci said that we are wrestling with the economic outcomes for all our individual cities and agencies. With the COVID virus, water loss, trying to work with the water board and other issues it seems we are all trying to keep our communities healthy, safe and economically viable. She said that she sees us all working together. She thanked staff for the budget and federal affairs presentations.

Ms. Carrey gave an update on the temporary groundwater substitution water transfer that the City of Sacramento is working on with five other agencies. It is intended to begin on July 1st and could last up to five months. There is a draft negative declaration supporting the transfer that is out for a 30-day public review and comment period that ends June 9th.

Mr. Raffety thanked Ms. Talbot for the detailed information she presented. He will present the chart at the next El Dorado Irrigation District board meeting.

Mr. Dugan complimented staff on putting the GoToMeeting together. He also thanked Ms. Schmitz and the team for the federal advocacy direction. There has been relevant federal dialog regarding our regions water supply issues for the last 10 years and to formalize it the way that we are doing is the most reasonable and appropriate approach. It puts a more formal approach to our voice and our process and ensures everyone can have a voice as we are looking at how we make sure that we are at the table instead of on the table when federal decisions are made. At this point it makes sense to regroup the Voluntary Agreement committee and figure out if there is something else that we need to do along those lines in the future.

Mr. Smith said that RWA staff gave wonderful presentations that were easy to understand. A recommendation was presented to the Placer County Water Agency board to roll the Voluntary Agreement effort into the strategic planning process.

Mr. York added to Ms. Carrey's water transfer update that may go on for five months which adds to revenues. He thanked the City of Sacramento for the partnership similar to the 2018 transfer. Whatever groundwater is provided for the transfer the City of Sacramento gives back to Sacramento Suburban Water District at no cost the following year which allows the district to turn off groundwater wells and the self-service area to help the basin recover. That is a lot of effort for regional benefit.

Adjournment

With no further business to come before the Board, Chair Schmitz adjourned the meeting at 11:16 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary / Treasurer